

Newrez Announcements



Announcement 2022-042 Smart Series Asset Qualifier and 1099 Statements Product Launch June 2, 2022

Overview

Newrez LLC "Newrez" Approved Correspondent Clients: Newrez is enhancing our Smart Series product line as part of our continuing efforts to provide competitive, Non-QM financing options to our customers. Please refer to the [Smart Series Process Walkthrough Job Aid](#) for submission instructions.

SmartEdge Asset Qualifier	
SmartEdge Asset Qualifier is a new feature for loan qualification within SmartEdge. This feature is for high-net-worth borrowers who choose to use their assets in lieu of traditional income and employment documentation for qualification. To register a loan on our site, chose a SmartEdge product code and select "Asset Qualifier" under documentation type.	
Eligibility Matrix	<p>Purchase and Rate & Term Transactions</p> <ul style="list-style-type: none">• Primary Residence: maximum loan amount \$2,500,000 to 720 credit score to 85% LTV/CLTV• Second Home: maximum loan amount \$2,000,000 to 720 credit score to 80% LTV/CLTV
Documentation	<ul style="list-style-type: none">• A letter of explanation from the from the borrower certifying the intent to liquidate the assets to pay for expenses is required• Submission to DU is not required• Submission to LoanScorecard (LSC) is required
Employment and Income	<ul style="list-style-type: none">• Employment and income is not disclosed on the application• 4506-C and Tax Transcripts are not required
Debt-to-Income Ratio	There is no DTI calculation
Ineligible for Asset Qualifier	<ul style="list-style-type: none">• Cash-out refinance• Investment properties• Subordinate financing• Non-occupant co-borrower

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Housing History	0x30x12
Derogatory Credit Events	Bankruptcy, Foreclosure, Short Sale, DIL, Pre-Foreclosure, Mortgage Charge off requires ≥ 5 years from the discharge or dismissal date
Calculation	<p>The Asset Qualifier product allows eligible assets to be used in the determination of the Ability to Repay by performing a loan qualification calculation and a residual income calculation.</p> <p>Total Liquid Assets</p> <ul style="list-style-type: none"> • Must document assets to cover all of the following: <ul style="list-style-type: none"> ○ Loan amount ○ Down payment ○ Closing costs and prepaids ○ Five years (60 months) of monthly debt expenses ○ Rents received may not be used to offset monthly mortgage payment for properties • A minimum of \$500,000 “Net Assets” is required to cover the Total Liquid Assets is required <p>Monthly Income Calculation</p> <ul style="list-style-type: none"> • Total Monthly Income = Total Qualifying Assets - Cash to Close \div 60 months • See the Income Calculation Workbook for the above calculation, including how to determine Total Qualifying Asset calculation <p>Bank Statement Requirements</p> <ul style="list-style-type: none"> • The borrower’s personal bank account and funds must be sourced and seasoned for a minimum of six (6) months. The following is required: <ul style="list-style-type: none"> ○ Most recent, complete bank statement(s) reflecting the ending balance of the bank account for each account used for qualification ○ A statement from the same accounts dated six (6) months ago • There is no limit to the number of bank accounts that can be provided to use for income • Business bank statements are not permitted
Residual Income	<ul style="list-style-type: none"> • Monthly Residual Income = Total Monthly Income – Total Monthly Debt Expenses • Monthly residual income must meet or exceed the family size requirement in the Product Highlights

SmartSelf 1099 Statement Product

The new SmartSelf 1099 products provide a new income documentation feature to the SmartSelf program. These new products are for borrowers who are independent contractors, freelancers, or otherwise self-employed in the “gig economy” who may qualify with 1099 statements in lieu of tax returns, to support their income. To register a loan on our site, choose a SmartSelf product code and then select either 1099-1 year or 1099 2 year under documentation style.

Documentation	<ul style="list-style-type: none"> • Documentation must evidence the borrower’s self-employed income is stable, sufficient to repay the borrower’s debts, and is likely to continue • One- or Two-years’ 1099 Statements • Form 1099-MISC or 1099-NEC may be used in lieu of bank statements for income qualification • Income qualification may not combine income derived from both bank statements and 1099 statements • Must be employed at the same company for a minimum of two (2) years • Year-to-date earnings must be obtained to support income being used to qualify for Note dates after April 15 • Wage and Income transcripts are required for income being documented with 1099 statements that are in the borrower’s name <ul style="list-style-type: none"> ○ If the 1099s are in a company name and transcripts are not available, a CPA letter is required verifying that the borrower has filed a Schedule C for the past two (2) years
Transaction Type	Primary residence
Expense Factor Determination	Using a 50% expense factor (or applicable expense factor) subtract 50% from the one or two years of Form 1099 income and divide by 12 or 24 months (depending on the number of years of 1099 statements provided) to determine monthly income

Questions

If you have any questions regarding any information in this announcement, please feel free to contact your regional sales manager or client manager.

[Newrezcorrespondent.com](https://www.Newrezcorrespondent.com)

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Client Development

We offer a comprehensive training curriculum on Newrez products and processes, to keep your staff informed of the latest developments in products, technology solutions, compliance issues and process improvements. Each of these programs is offered by our training and development staff on a monthly basis and is updated regularly to reflect recent changes in the industry.

Visit our training site at:

<https://www.Newrezcorrespondent.com/client-library/Newrez-training-calendar/>